

EXHIBIT

#3B

THE BAYONNE
FRONT
Vasculature
AT
BAYONNE MEDICAL CENTER

BMC036508

FREQUENTLY ASKED QUESTIONS AND ANSWERS

Doesn't Bayonne Medical Center already have a cardiac treatment program that does cardiac catheterization, cardiac rehabilitation, and pacemaker implantation?
Yes, Bayonne Medical Center currently offers treatment for patients suffering from coronary heart disease.

Why do you need a Vascular Institute? Vascular diseases are different, affecting not only the heart, but also the circulatory system. Many people who have heart disease may also have vascular disease and vascular patients are at greater risk to suffer heart attacks. The new Vascular Institute at Bayonne Medical Center will be a natural extension of our cardiac treatment program, providing an integrated approach to managing cardiac and vascular health.

What is the cost of the new Vascular Institute at Bayonne Medical Center? The estimated cost of the new Vascular Institute is close to \$5 million including construction and the purchase of the most advanced, diagnostic equipment and state-of-the-art technology used for treatment.

How much am I expected to give? Charitable giving is a very personal decision. In fact, we ask that you consider your financial commitment in terms of what this project means to you, your family and the Bayonne community. Bayonne Medical Center is seeking support from many different constituents: Bayonne residents, Bayonne Medical Center Board of Trustees, Bayonne Medical Center Foundation Board members, physicians, local businesses, corporations, foundation and staff. Each constituent will be approached in as personal a way as possible. This campaign is a unique opportunity for you to make a difference in the life of a current patient and to be a part of a legacy to future generations of patients.

How long will I have to meet my pledge? We are asking constituents to fulfill their pledges over a three or five year period. Doing so allows you to be recognized for a generous donation while managing the financial commitment over a designated period of time.

Is my gift tax deductible? Yes. The amount contributed is deductible to the full extent provided by law.

What if I am unable to complete my pledge? A pledge is a promise; it is not legally binding. Bayonne Medical Center is dependent on the generosity and ability of its constituents to financially support this project, but you are under no obligation to fulfill your pledge if your own personal financial circumstances change. While we hope that you will not experience any financial difficulties, Bayonne Medical Center Foundation will work with you to accommodate unforeseen personal situations.

What if I have further questions? Feel free to contact Vincent Lombardo at Bayonne Medical Center Foundation Office, 201.858.6500

BMC036523

EXHIBIT

#4

REVIEW AND APPROVAL OF MINUTES OF APRIL 27, 2005

A motion was made, seconded and unanimously approved to accept the minutes of the April 27, 2005 Finance Committee meeting.

Mr. Grywalski opened the meeting with a presentation on hospital performances over the past twenty years. He indicated that financial indicators have been trending downward and hospitals are now concentrating on their basic core businesses.

REVIEW OF FINANCIAL STATEMENTS

The April 2005 Financial Statements were reviewed by Ms. Aaron and she presented a report on financial ratios and cash flow analysis. Discussion followed on the various ratio formulas and benchmarks.

The cash flow analysis indicated a \$5,000,000 cash shortfall for 2005 due to declining admissions and below budget investment income. After discussion a motion was unanimously passed increasing the Medical Center's line of credit by \$5,000,000.

Ms. Giblin reported on overtime and agency costs showing that the hospital has been proactive reacting to volume changes during 2005.

There being no further business, the meeting was adjourned at 6:30 pm.

EXHIBIT

#5

Board of Trustees
December 1, 2006

MEMBERS PRESENT: Messrs. Brockman, Garelick, Campbell, Mill, Finnerty, Ward, Ms. Dugan, Drs. Istvan, Villalona, Dedousis, McGeehan

GUESTS: Messrs. Apsel, Greenan, Lombardo, Mohrle, Mmes. Giblin, Dobin, Petrosino

CALL TO ORDER: Mr. Brockman called the meeting to order at 5:00 P.M.

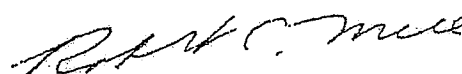
CHAIRMAN'S REPORT: Pertaining to St. Vincent's, Mr. Brockman discussed the details of yesterday's State Healthcare Project Review Committee meeting in Albany at which time the committee approved our application for the acquisition of St. Vincent's. This is very good news and the next step in the process calls for a full committee review/vote to take place on December 7th, 2006.

Mr. Brockman reported that discussions had been underway with Ms. Dawn Gideon for her to provide interim leadership, however, St. Vincent's parent corporation perceived this as a conflict of interest and has filed in court to restrict this. The process of identifying interim leadership continues and meetings are being set up with several potential candidates, including Roger Hiser of Plexus Group.

FINANCIAL REPORT: Mr. Brockman proceeded to relate BMC's serious financial standing and detailed certain problematic financial practices that had recently been uncovered. He noted that a preliminary assessment indicates that there is the potential that these practices could result in an approximate year-end deficit nearing \$30 million which would include the \$5 million dollar pledge by Omni write off. ✓

At this juncture, Mr. Brockman excused all staff present and entered into closed Executive Session.

Attest,



Robert C. Mill

EXHIBIT

#5A

From: Auriemma, Robert
Sent: Wednesday, November 29, 2006 10:59 AM
To: Mohrle, Paul
Subject: FW: DRAFT October, 2006 Financial Statements - first revision
Attachments: OCT 2006 - AUDIT 2005.xls

Paul,
As discussed this morning, 3 September journal entries have been reversed in October as indicated below.

Also reversed in October was the Omni Asset Management pledge receivable that was booked last year in October, 2005. The negative P & L effect on Other Operating Revenue is \$4,717,300. The \$1 million cash payment that was received from Omni Asset Management in July, 2006 has been set up as a liability in October under accrued expenses.
Bob

-----Original Message-----

From: Auriemma, Robert
Sent: Monday, November 27, 2006 3:39 PM
To: Mohrle, Paul
Subject: October, 2006 Financial Statements:- September adjustments not reversed in October

Except as noted below, since I have no supporting documentation I cannot determine if these adjusting entries should be reversed.

For your review, the following month end adjusting entries were booked in September:
(000's omitted)

SVSI Receivable 6,877
Salaries 2,750
Fringe Benefits 660
Other Expenses 3,467
- SVSI Allocation for September

SVSI Receivable 5,709
Accrued A/P 4,666
Accrued Salaries 1,043
- Reversal of July, 2006 general journal entry #9 & #10

NPSR 3,165
Patient A/R 3,165
- To adjust NPSR to agree with patient cash received in September. (REVERSED in October)

Patient A/R 6,000
NPSR 6,000
- To adjust NPSR for September. (REVERSED in October)

Estimated Third Party Settlements (Receivable) 6,000
Patient Receivables 6,000 (REVERSED in October)

Estimated Third Party Settlements (Short Term Liability) 3,603
Estimated Third Party Settlements (Receivable) 3,603
- Balance Sheet reclassification in order to net the third party receivable and liability.

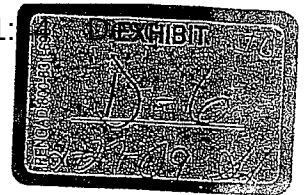
Just FYI, the following negative adjustments were booked in September and should not be reversed:
\$3.5 million debit to NPSR -- 2004 Medicare Settlement (booked the liability)

BMC041763

EXHIBIT

#6

December 7, 2006



Minutes

MEMBERS PRESENT: Messrs. Brockman, Garelick, Campbell, Mill, Finnerty, Ward, Ms. Dugan, Drs. Dedousis, Istvan, McGeehan, Villalona, Williams

GUESTS: Messrs. Apsel, Mohrle, Greenan, Lombardo, Mmes. Petrosino, Dobin

CALL TO ORDER: Mr. Brockman called the meeting to order at 5:00 P.M.

MINUTES OF THE PREVIOUS MEETING:

FOR ACTION: Minutes of the November 9, 2006 meeting were previously circulated and were presented for approval. Upon a motion duly made, seconded and unanimously carried, the minutes of November 9, 2006 were approved.

CHAIRMAN'S REPORT:

✓ ***Skilled Nursing Facility*** - Mr. Brockman reported that the closing with Omni Asset Management for the on-site Skilled Nursing Facility is scheduled to take place tomorrow. He was successful in renegotiating and releasing BMC from being obligated to lease back 20,000 square feet. Aspects surrounding a promissory note were related and it was commented that this is an important project for the community that we must move forward with.

Financial Update - Mr. Brockman advised that further information has come to light and additional factors uncovered that place BMC in a more severe financial position than initially anticipated. Our short term debt, in the form of Accounts Payable, lines of credit, advances, etc., total approximately \$40 million. He noted that given this extent of a deficit, there is no possibility of our proposed bond refinancing going through. The state along with the assistance of Mayor Doria has been approached with a request to receive the remainder of our allocated Charity Care funding and we are awaiting a response from them.

Mr. Brockman went on to advise that Ms. Giblin has been working on a Turnaround Plan to bring the approximate \$1.2 million monthly shortfall in line and identify a restructuring and downsizing plan. Speaking frankly, he stated that even with a successful turnaround plan, other operational issues and major expenditures coming due in 2007 (i.e., monthly debt service, repayment of lines of credit, anticipation funding, and Accounts Payable) will all serve to have a draconian budgetary impact from which we may not be able to recover. As an immediate step, a buyer for the parking garage is being sought, the sale of which could yield \$5-7 million, however, it was noted that this action could take several months to finalize. Also, a meeting is being set up with the Hudson County Improvement Authority to discuss a possible sale/leaseback arrangement.

[Summarizing, Mr. Brockman advised that, at this point, we should consider notifying the Bonding Authority and our bond insurers, Financial Security Assurance (FSA). He then opened the floor to discussion. The group discussed aspects surrounding the current financial standing and in particular the sequence and timing of the notification process.

REPORT OF THE PRESIDENT OF THE MEDICAL STAFF: Dr. Dedousis advised that physician members of the Coalition to Save Bayonne Medical Center had made a request at the Medical Executive Committee meeting to have representation on this Board. The potential for this was discussed at length from varying perspectives.

At the conclusion of this discussion, Dr. Dedousis introduced the following resolution:

FOR ACTION: The Board of Trustees of Bayonne Medical Center approve and authorize the submission of a list of proposed candidates (together with their CVs) from the Coalition to Save Bayonne Medical Center to be presented to the Board Governance Committee for their review and recommendation of two candidates to fill two seats on the Board of Trustees.

Upon a motion duly made, seconded and unanimously carried, the aforementioned resolution was approved.

REPORT OF THE BAYONNE MEDICAL CENTER FOUNDATION: Mr. Lombardo reported on the following items:

- The December 2nd Charity Ball was a very successful event and Mr. Lombardo thanked all for their support.
- The Lights of Love ceremony was held on Tuesday and once again the choir of the Robinson School provided excellent entertainment.

REPORT OF THE ACTING COO/EVP: Mr. Apsel referred the Board to his written report that was contained with the meeting packets for specifics.

TREASURER'S REPORT: It was reported that October, 2006 will show a loss of approximately \$16 million with additional items furthering the loss anticipated by year end. Group discussion ensued relating to contributing factors, what is included in the loss, etc.

COMMITTEE REPORTS:

Audit & Compliance Committee - Mr. Finnerty advised that the December 1, 2006 meeting minutes were distributed at the start of today's meeting.

Mr. Finnerty reported that to comply with the Deficit Reduction Act of 2005, the committee developed a policy codifying federal and state regulations relating to liability for false claims, protection against reprisal or retaliation for those who report wrongdoing and to detect and prevent fraud, waste and abuse.

FOR ACTION: On the recommendation of the Audit & Compliance Committee made at their meeting of December 1, 2006, the Board of Trustees approves the addition of a new policy to the Organizational Policy Manual entitled, "False Claim Liability, Anti-Retaliation Protections, and Detecting and Responding to Fraud Education" as presented and discussed today/

Upon a motion duly made seconded and unanimously carried, the aforementioned policy was approved.

Joint Conference Committee – Minutes of the November 16, 2006 meeting were distributed with the meeting materials. Mr. Garelick advised that the Medical Staff recommendations being presented have been reviewed and approved by the Credentials Committee and the Medical Executive Committee.

The following Medical Staff recommendations were then presented:

FOR ACTION: Approval of New Appointments:

Michael Baruch, M.D. – Plastic Surgery
Michael Moretti, M.D. – OB/GYN

FOR ACTION: Approval of Changes in Privilege Status:

Dr. Carmelita Malalis was recommended for transfer to the Emeritus Staff in accordance with her request.

Upon a motion duly made, seconded and unanimously carried, the new appointments and request for privilege changes were approved.

Employee Savings & Investment Committee – Mr. Mill referred the members to the November 20, 2006 meeting minutes that were circulated with the meeting packets.

School of Nursing Advisory Committee – Dr. McGeehan advised that the committee had met today and meeting minutes will be provided next month.

Mr. Brockman then called for an executive session and excused the staff members.

NEW BUSINESS: While in executive session, discussion occurred regarding Pamrapo Bank's willingness to extend the repayment date relating to its \$1,939,000 line of credit on the condition that the bank would receive a mortgage on certain BMC properties unsecured by FSA.

On motion of Mr. Finnerty, seconded by Mr. Mill, the attached resolution was adopted with note that William Campbell, Theodore Garelick, Herman Brockman and John Dedousis, M.D. abstained from vote.

APPOINTMENT OF INTERIM PRES. & CEO: Mr. Brockman stated that it is necessary to appoint an Interim President & CEO to oversee the daily operations of the Medical Center. After discussion of various candidates, the following resolution was presented:

FOR ACTION: The Board of Trustees of Bayonne Medical Center approve the appointment of Eugene Greenan to serve in the role and assume the duties of Interim President & CEO until such time as a replacement and/or permanent candidate is identified.

Upon a duly motion duly made, seconded and unanimously carried, the aforementioned resolution was approved.

ADJOURNMENT:

There being no further business to discuss, the meeting adjourned at 6:20 P.M.

Attest,

- *Robert C. Mill*

Robert C. Mill
Secretary

BAYONNE MEDICAL CENTER

CERTIFIED COPY OF RESOLUTION

I, the undersigned, Robert C. Mill, Secretary of the Board of Trustees of Bayonne Medical Center, a not-for-profit corporation incorporated under the laws of the State of New Jersey, do hereby certify that the following is a true and accurate copy of the resolution adopted at a meeting of the Board of Trustees of Bayonne Medical Center on December 7, 2006 at 5:00 P.M. I further certify that this resolution is in effect and that a quorum was present.

BE IT RESOLVED, that the Board of Trustees of Bayonne Medical Center approve and authorize the execution of a mortgage in connection with the agreement of Pamrapo Bank to postpone the date for repayment of a certain loan in the approximate amount of \$1,939,000.00. This loan extension is secured by mortgage on the following parcels of land owned by Bayonne Medical Center: Lot 49, 14 East 29th Street, Bayonne, New Jersey and Lots 14 & 15, 423 & 425 Avenue E, Bayonne, New Jersey.

IN WITNESS WHEREOF, I have executed this Certificate as Secretary and duly affix hereon the seal of the corporation this the seventh day of December 2006.



Robert C. Mill, Secretary

(seal)

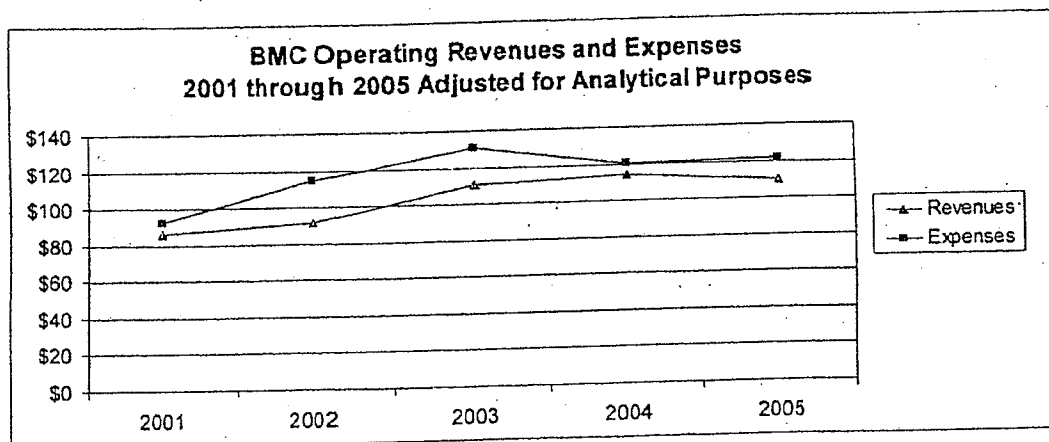
EXHIBIT

#7

Bayonne Medical Center Financial Review

In reviewing the internal 2006 financial statements and discussing with management, it was noted that BMC reported an unfavorable adjustment of \$5.1 million related to prior years' cost reports. This is contrary to the prior trend where most years reported a smaller and favorable settlement. Also, in 2006, BMC wrote off a pledge receivable of \$4.7 million which was recorded as revenue in 2005. Apparently, the write-off was associated with the renegotiation of the long-term agreement with a potential developer. As of the date of this report, and after a few attempts, we have not been able to meet with BMC's independent auditors to discuss the prior year's accounting treatment of the pledge and other financial statement matters.

Considering these relevant facts, we thought it would be informative to recast the years 2001-2005 to adjust for the above revenues which are not likely to recur in 2006 and beyond. This is not to suggest that the financial statements were incorrect. It is merely an analytical tool to help make a determination as to whether the losses of 2006 are an anomaly or whether they flow naturally from recent operations.



The conclusion that can be drawn from the above presentation is that the 2006 losses are reasonably consistent with recent results. For example, the 2005 data points suggest that BMC was positioned to begin 2006 at an approximate annual loss rate of \$12.1 million. This further assumes that the patient accounts receivable, which were stated at \$26.3 million as of December 31, 2005, were reasonably valued. This level was \$6.7 million higher than the previous year. We requested an analysis of subsequent cash receipts to confirm this valuation, but did not receive the analysis in time for this report.

EXHIBIT

#8

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY
CASE NO. 07-14195 (MS)
CHAPTER 11

IN RE:

BAYONNE MEDICAL CENTER,

Debtor,

DEPOSITION UPON
ORAL EXAMINATION
OF
JAMES P. LAWLER

BAYONNE MEDICAL CENTER,
Debtor and Debtor-in-
Possession, and ALLEN
D. WILEN, in his
capacity as Liquidating
Trustee and Estate
Representative for the
Estate of Debtor,
Bayonne Medical Center,

Plaintiff,

-vs-

BAYONNE/OMNI
DEVELOPMENT, LLC,
a New Jersey limited
liability company,
et als,

Defendants.

ORIGINAL

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www.depolinklegal.com

1 Q Had you --

2 A And usually with, just for
3 clarification, a lot of hospitals report or issue
4 a financial report to the hospital associations
5 periodically and other interested parties, so the
6 information sort of gets around.

7 Q But at that point in time, prior
8 to when you were retained or contacted in
9 December 2006, had you ever reviewed books and
10 records or financial statements of Bayonne?

11 A No, I did not.

12 Q Had you, at any point in time,
13 heard of OMNI or Avery Eisenreich or when was the
14 first time you heard that name?

15 A First time I heard that name was
16 when I was engaged in a review.

17 Q Sometime after 2006, December?

18 A Yes.

19 Q How did that come up?

20 A I believe that came up with my
21 interview with Mr. Brockman, and he mentioned the
22 fact that there was an arrangement for the
23 building of a skilled nursing facility on site
24 through OMNI.

25 Q Was this before or after there

1 was a closing on the sale of the Bell property?

2 MR. FALANGA: Object to the
3 form.

4 A I don't know.

5 Q Can you, tell us in as close you
6 can, what he said to you about OMNI and
7 Eisenreich?

8 MR. FALANGA: Object to the
9 form.

10 A One of the things I had noticed
11 in my review of the financial statements is that
12 there had been a receivable on the books at one
13 time, a pledge receivable and then there was an
14 adjustment to remove that pledge in the
15 subsequent year, and I was discussing that with
16 Mr. Brockman and he mentioned that it was in
17 conjunction with the skilled nursing facility
18 developer, and he indicated that apparently there
19 was an agreement at one time, and then the
20 agreement was renegotiated, and as part of the
21 renegotiation, the pledge was no longer part of
22 the arrangement.

23 Q This is what Brockman told you?

24 MR. FALANGA: Object to the form
25 of the question.

1 closing, you are talking about February 1, 2008?

2 MR. CIENKI: Yes, and the
3 current operations of the hospital.

4 MR. COPLON: Well, I am not sure
5 I agree with that, but that's your instruction.

6 MR. CIENKI: That's my
7 instruction, and I understand your disagreement
8 and we can cross that bridge later.

9 MR. FALANGA: I guess I could go
10 on the record, and if I may, I need to put on the
11 -- I may not agree with that direction either to
12 the extent the witness is being advised not to
13 answer questions about conversations he may have
14 had with Mr. Eisenreich at any time.

15 Q So between the time you first
16 got contacted with Bayonne Hospital through the
17 closing, February 2008, you had no contact with
18 OMNI or its representatives or agents or Mr.
19 Eisenreich. Is that a fair statement?

20 MR. FALANGA: Object to the
21 form.

22 A I don't recall.

23 Q Now, going back to the document,
24 the next sentence which I would like to read
25 says, "Apparently, the write-off was associated

1 with the renegotiation of the long term agreement
2 with a potential developer. Can you tell me the
3 source of information for that sentence?

4 MR. FALANGA: Object to the
5 form.

6 A That's Mr. Brockman.

7 Q And can you be specific as to
8 what Mr. Brockman said to you to cause you to
9 write that sentences?

10 MR. FALANGA: Object to the
11 form.

12 A That's pretty much what Mr.
13 Brockman said which is why I wrote the sentence
14 the way I wrote it.

15 Q Did he by any chance tell you
16 that there had been a lease agreement between the
17 hospital and OMNI?

18 MR. FALANGA: Object to the
19 form, asked and answered.

20 A I don't recall specifically, a
21 lease agreement. I know there was a long term
22 agreement which is the words I used here, I don't
23 recall exactly what the form of that agreement
24 was.

25 Q Did he give any indication about

1 why this long term agreement had been
2 renegotiated?

3 MR. FALANGA: Object to the
4 form.

5 A Not that I recall.

6 Q He didn't state why?

7 A He didn't state why as I recall.

8 Q And did he tell you what the
9 renegotiation entailed, going from -- when there
10 is a renegotiation, you usually start with one
11 position and end with a second?

12 MR. FALANGA: Object to the
13 form.

14 A No, I don't recall.

15 Q When you use the word
16 renegotiation, you don't know what they were
17 renegotiating over or about?

18 MR. FALANGA: Object to the
19 form.

20 A Renegotiation was his term that
21 he used.

22 Q When it says with a potential
23 developer, did you have an understanding of who
24 that potential developer was?

25 A I believe he mentioned it was

1 OMNI.

2 Q Now, final sentences of that
3 paragraph in your report on WSB 8359 says, "As of
4 the date of this report and after a few attempts,
5 we have not been able to meet with BMC's
6 independent auditors to discuss the prior year's
7 accounting treatment of the pledge and other
8 financial matters." Do you see that sentence?

9 A Yes, I do.

10 Q Now, when you say a few
11 attempts, what attempts are you referring to?

12 A I tried to place a call to the
13 individual's name that I was given at the time
14 representing the auditors two or three times.

15 Q Do you recall the name or the
16 auditor's name or the individuals?

17 A I do not recall the individual,
18 the firm was Smith, the previous auditor.

19 Q You tried two or three times?

20 A Yes.

21 Q No one returned your call?

22 A No.

23 Q Was that a substantial issue in
24 terms of what you were trying to accomplish with
25 this report?

EXHIBIT

#8A

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY
CASE NO. 07-15195 (MS)
CHAPTER 11

-----X
In re: Bayonne Medical Center,

Debtor.

-----X
DEPOSITION OF JAMES J. HANNAN
TUESDAY, APRIL 14, 2009

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1 Q. Now, in the second page, in the middle
2 it says, "In planning the audit, analytical
3 procedures were performed with an objective of
4 identifying the existence of unusual transactions,
5 events, amounts, ratios, or trends."

6 Do you see that.

7 A. Yes.

8 Q. Why is that an objective of the audit?

9 A. I don't think it's an objective of the
10 audit. I think it's an objective to understand
11 interaction between accounts, abnormalities from
12 previous years compared to this year, any unusual
13 items that would pop out in connection with
14 planning the audit. And, again, this was
15 memorialized at the inception of the audit.

16 Q. You're concerned about unusual
17 transactions because that could lead to fraud.
18 Correct?

19 A. Yes.

20 Q. Was a standalone pledge to the hospital,
21 not the foundation, in the amount of \$5 million an
22 unusual transaction in your view?

23 A. It would be at Bayonne, given the
24 historical levels of donor support that they've
25 received in the past.

1 Q. It was far greater than the historical
2 level of donor support. Correct?

3 A. Yes.

4 Q. Let's turn to the third page of this
5 document.

6 A. 1189?

7 Q. Yes, 1189. Thank you. "Risk of
8 fraudulent financial reporting. The auditor
9 considered the following conditions which could
10 provide incentives for fraudulent financial
11 reporting." The second one is, "The company has
12 lost a significant source of funding."

13 Do you see that?

14 A. Yes.

15 Q. What does that refer to?

16 A. I'm not sure. Again, from a historical
17 perspective, this was our first year on the
18 engagement. And it could be that the State at the
19 time was reducing charity care subsidies, not only
20 to Bayonne, but other hospitals within the state
21 of New Jersey. There could have been cutbacks on
22 certain contracts or contractual reimbursements
23 from third parties, but ...

24 Q. Well, sitting here today, do you know of
25 a significant source of funding that had been

EXHIBIT

#8B

**Board of Trustees Meeting
September 1, 2005**

MEMBERS PRESENT: Messrs. Brockman, Campbell, Garelick, Mill, Evans,
Ward, Drs. Villalona, Williams, Levine, Istvan

GUESTS: Messrs. Apsel, Lombardo, Mohrle, Mmes. Giblin, Fleishell

CALL TO ORDER: Mr. Brockman called the meeting to order at 5:00 P.M.

MINUTES OF THE PREVIOUS MEETING:

FOR ACTION: Minutes of the August 4, 2005 meeting were previously circulated and were presented for approval. Upon a motion duly made, seconded and unanimously carried, the minutes of August 4, 2005 were approved.

ANNOUNCEMENTS: Mr. Brockman extended the Board's deepest condolences to the Carroll family on the recent loss of their daughter, Mary Sue. He announced that a memorial service would take place on Saturday, September 10th, at 10:00 A.M. at St. Andrew's.

Mr. Brockman reminded the members that this year's annual Simpson Baber Foundation Humanitarian Awards dinner, honoring among others, Ted and Phyllis Garelick, would be held on Friday evening, September 9th, at the Liberty House. He asked for the Board's participation as a show of our appreciation for all that the Garelick's do for Bayonne Medical Center and the entire Bayonne community.

COMMUNICATIONS: Mr. Garelick read a letter received from Mr. John Grywalski resigning his position as Vice Chairman and Trustee on the Board. Mr. Brockman related Mr. Grywalski's new executive position with a competing healthcare system and the conflict of interest this had created. He acknowledged Mr. Grywalski's service and contributions and stated that with the Board's acceptance, his resignation would take effect. It was noted that a letter expressing the Board's gratitude is being prepared and will be sent to Mr. Grywalski.

FOR ACTION: Upon a motion duly made, seconded and unanimously carried, the resignation of John Grywalski was accepted.

REPORT OF THE PRESIDENT OF THE MEDICAL STAFF: Dr. Levine reported that the medical staff continues to address LOS issues and working toward improving the number of outstanding medical records.

REPORT OF THE BAYONNE MEDICAL CENTER FOUNDATION: Mr. Lombardo discussed the following items:

- The Foundation has received a \$25,000 gift from the membership of the 33rd Street Club.
- Another gift of \$10,000 was made in honor of former Trustee Charles Grodberg who had recently passed away. This gift is through the generosity of Mr. Grodberg's sister

Betty and her husband, Dr. Milton Hollander, who are both former Bayonne residents and loyal supporters.

- Mr. Lombardo extended thanks and gratitude to Mr. Campbell and Pamrapo Bank for volunteering to be the lead sponsor of this year's Charity Ball.

REPORT OF THE PRESIDENT & CEO

Mr. Evans referenced his written report that was contained with the meeting materials and added the following comments:

- As part of BMC's emergency preparedness process, a full presentation drill was recently held. All disaster procedures and processes went well. Mr. Evans thanked the physicians and staff for their commitment and on-going participation in the important task of disaster preparedness.
- Referring to the state's annual report containing measures on how well hospitals perform in treating patients with heart failure, heart attack and pneumonia, Mr. Evans stated that this year's report will show significant improvement for BMC over last year.
- In response to a question raised, Mr. Evans advised that the state is expected to release its decision on angioplasty in either late October or early November noting that we remain optimistic.
- As an update, Mr. Evans discussed plans for the proposed Skilled Nursing Facility (SNF), the internal committee in place and anticipation of being able to present two proposals for partnering and financing options to Strategic Planning and on to the Board by the end of the year.

TREASURER'S REPORT:

It was reported that there was a slight loss from operations in July of approximately \$51,000. The Medical Center is moving in the right direction and it is anticipated that with the conclusion of summer, further improvements will be realized.

During the ensuing discussion, it was noted that the Wound Care Center, which is slated to open in late fall, and the Vascular Center will complement each other and generate further revenue.

COMMITTEE REPORTS:

Governance Committee – Mr. Ward advised that with the resignation of Mr. Grywalski, the Governance Committee had been convened to discuss and make a recommendation for a person to fill the vacant position of Vice Chairman.

The committee had met the previous day (meeting minutes were distributed at the start of today's meeting) and following in-depth discussion, recommend that Mr. Theodore Garelick be appointed to the Vice Chairmanship.

Mr. Garelick's experience, qualifications and involvement in BMC and the community were highlighted. Mr. Ward then presented the following resolution.

FOR ACTION:

On the recommendation of the Governance Committee made at their meeting of August 31, 2005, the Board of Trustees of Bayonne Medical Center approves the appointment of Theodore Garelick to the position of Vice Chairman for the remainder of the current term of office.

Upon a motion duly made, seconded and unanimously carried, Mr. Garelick's appointment as Vice Chairman was approved.

Mr. Ward further commented that in the likelihood that the Board would approve Mr. Garelick's appointment as Vice Chair, the committee felt it would be prudent to discuss and form a recommendation for an individual to step into the position of Secretary that Mr. Garelick would be vacating.

In consideration of his many years of valued service, knowledge and participation, Mr. Ward stated that the committee recommends Mr. Robert Mill be appointed to the position of Secretary.

FOR ACTION: On the recommendation of the Governance Committee made at their meeting of August 31, 2005, the Board of Trustees of Bayonne Medical Center approves the appointment of Robert Mill to the position of Secretary for the remainder of the current term of office.

Upon a motion duly made, seconded and unanimously carried, Mr. Mill's appointment as Secretary was approved.

School of Nursing Advisory Committee – Ms. Giblin reported that the vacant Director position has been filled by Ms. Caroline Zall who had been an instructor at the school. A fall meeting of the Advisory Committee will be scheduled.

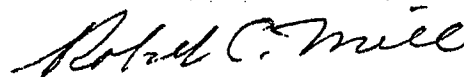
Finance Committee – Previously covered.

NEW BUSINESS: The issue of identifying space within the Medical Center that could be converted into a state-of-the-art conference center was raised and discussed. All agreed that in order to sponsor physician and community related functions, a more appropriate space is required. The potential for achieving this through the development of the SNF project was mentioned. Discussion continued on this matter and other potential moves within BMC.

ADJOURNMENT:

There being no further business to discuss, the meeting was adjourned at 5:50 P.M.

Attest,



Robert C. Mill

EXHIBIT

#9

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY
CASE NO. 07-15195 (MS)
CHAPTER 11

In re BAYONNE MEDICAL CENTER, :

Debtor, :

BAYONNE MEDICAL CENTER, :

Debtor and :

Debtor-in-Possesssion; and :

ALLEN D. WILEN, in his :

capacity as Liquidating :

Trustee and Estate :

Representative for the Estate :

of Debtor, Bayonne Medical :

Center, :

DEPOSITION OF:

CAROLINE EVANS

VOLUME I

(Pages 1-229)

Plaintiff, :

-vs- :

BAYONNE/OMNI DEVELOPMENT, :

L.L.C., a New Jersey limited :

liability company; et al., :

Defendants. :

B E F O R E:

SHARON B. STOPPIELLO, a Certified Court
Reporter and Notary Public of the State of New
Jersey, at the offices of CONNELL FOLEY, L.L.P., 85
Livingston Avenue, Roseland, New Jersey, on
THURSDAY, MAY 6, 2010, commencing at 10:09 a.m.,
pursuant to Notice.

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www.depolinklegal.com

1 A. That is correct.

2 Q. What kind of consulting did you do?

3 A. Healthcare finance, revenue cycle
4 management.

5 Q. What does revenue cycle management
6 mean, to those of us who don't understand it?

7 A. It's basically all of the elements
8 and the areas wherein a healthcare institution that
9 regulates the billing and/or reimbursement from the
10 particular carriers that the entities would have.

11 Q. And you consulted with BMC for how
12 long?

13 A. About a year.

14 Q. And that takes us to what, 2002?

15 A. About June of 2002, when I was hired
16 as a permanent employee.

17 Q. Who hired you?

18 A. Kris Keissling.

19 Q. And did you have a job title?

20 A. I did, I was the V.P. of revenue
21 cycle management.

22 Q. And did you retain that same title
23 for your entire tenure at BMC?

24 A. I did.

25 Q. And when did your tenure at BMC end?

1 A. December '06.

2 Q. And did you perform the same
3 functions for BMC during the period 2002 through
4 2006?

5 A. Yes, I was the V.P. of revenue cycle
6 management, other administrative issues, you know.

7 Q. And when you say there were other
8 administrative issues, can you be more precise?

9 A. Yeah. I was part of the senior team,
10 so I would then be involved in senior team
11 management meetings, revenue cycle meetings,
12 crosswalk meetings, a lot of other, you know,
13 various committee meetings. Sometimes strategic
14 planning meetings. I could go on and on. The St.
15 Vincent's-related meetings, information technology
16 transition, revenue cycle transition, all of those
17 types of things.

18 Q. You mentioned the "senior team."
19 What was the senior team?

20 A. The senior team was made up of the
21 V.P.'s and A.V.P.'s of the medical center.

22 Q. And what was the function of the
23 senior team, as you understood it?

24 A. A lot of what I just explained,
25 obviously each vice president had their own category

1 and responsibilities as it related to the operations
2 of the medical center. We had a V.P. of operations,
3 a vice president and an assistant vice president of
4 nursing and clinical services, me, a V.P. of
5 finance, which is really the FO, those types of
6 things.

7 Q. Did the senior team have a charter of
8 any type?

9 A. I'm not sure I understand.

10 Q. Did it have bylaws, rules,
11 regulations, charter, any piece of paper that
12 described what its composition was or what it was
13 supposed to be doing?

14 A. I don't know anything about that. I
15 would say no, not to my knowledge, I didn't know
16 that one existed.

17 Q. Was the senior team a decision-making
18 body or was it a recommending body?

19 A. It was both in a lot of ways. For
20 example, I wouldn't be making any decisions as it
21 related to clinical services. You know what I mean?
22 That would be something that Stephanie and/or Cheryl
23 would have done, and vice-versa. They would come to
24 me with a new service line saying, This is the
25 service line we'd like to implement. Take a look

1 and see what it means to us in terms of
2 reimbursement and services based on our current
3 volume, things like that. It was extremely
4 collaborative I would say.

5 Q. So in some areas you say the senior
6 team made decisions and in other areas it made
7 recommendations?

8 A. Absolutely.

9 Q. And in the areas where it made
10 recommendations, to whom did it make
11 recommendations?

12 A. It depended on what we were talking
13 about. For instance, if it was strategic planning,
14 there was a strategic planning committee of the
15 board. So the recommendation would go there. If it
16 was space planning, there was a space planning
17 committee that the V.P. of op.'s was the last word
18 on. If it was clinical integration, well, that was
19 Stephanie. So if it was something
20 organization-wide, it would be the CEO that we made
21 the recommendation to. So it definitely would be
22 situational.

23 Q. And the strategic planning committee,
24 have I got those words right, what was its function?

25 A. It had a lot of functions. It was